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Hugh G. Calkins
Regional Conservator

THE SANTA CRUZ IRRIGATION DISTRICT

Regional Bulletin No. 45
Conservation Economics Series No. 18
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The Santa Cruz Irrigation District is at the present time the dominant factor in the economic life of the Santa Cruz Valley. This report attempts to present a brief picture of the origin and development of the irrigation district, and to indicate the place of the district in the general economic pattern of the area.

IRRIGATION DEVELOPMENT PRIOR TO THE FORMATION OF THE DISTRICT

The majority of the landholders in the Santa Cruz Valley have been and continue to be non-commercial farmers. Only some ten to fifteen per cent of the landholdings are extensive enough for commercial agriculture, and the greater portion of these are concentrated at the lower end of the valley, close to the juncture of the Santa Cruz and the Rio Grande Rivers. The development of commercial agriculture at the lower end of the valley is comparatively recent; it followed the coming of the Denver & Rio Grande Railroad in 1880, and the subsequent development of Espanola as a trading center. The presence of comparatively large landholdings commercially used, at the lower end of the valley was an important factor in the formation of the Santa Cruz Irrigation District.

The market for produce of the entire valley expanded during the World War. At that time the people at the lower end of

the valley, under the leadership of some of the large landholders, began to agitate for a more certain supply of irrigation water.

In 1919 the landholders of the lower valley petitioned for an adjudication of the water from the Santa Cruz River. Some of the upper valley landholders, those from Chimayo, protested and were upheld by the court on the basis that the division of the water in the past was, in its judgment, just. Nothing more was done by the people of the lower valley until 1923 or 1924, when a man by the name of Conger organized the people of the lower valley into a co-called Conservancy District. The people built a highline ditch out of the Rio Grande fourteen miles long, but no rights to the water coming out of that river were established. The scheme failed when interests in the Mesilla Valley protested this new withdrawal of water from the Rio Grande. The application for formation of a conservancy district likewise was denied. The need for water in the lower valley annually became more pressing as an increasing population in Chimayo, near the headwaters of the Santa Cruz River, annually used a larger proportion of the available irrigation water.

FORMATION OF THE SANTA CRUZ IRRIGATION DISTRICT

In 1925 Mr. John Block, an energetic leader with extensive landholdings in the lower valley who had settled in

the region about 1890, took upon himself the task of organizing the people and promoting a scheme to build a storage reservoir on the Santa Cruz River. He first consulted a lawyer, N. R. Wright of Santa Fe, and discussed with him the feasibility of a bond issue; Wright advised Block that the Spanish-American people would never vote for a bond issue. Block, undiscouraged, went to another lawyer, a Mr. Seth of Santa Fe, who, although doubting the possibility of carrying the project to completion, finally agreed to draw up a petition for the formation of an irrigation district. The petition required the endorsement of four-fifths of the landholders under each ditch. Some 417 of the landholders (mostly in the lower valley) signed, and 75 landholders (mostly in Chimayo) refused to sign. This left some six ditches in the upper Santa Cruz River without the required four-fifths endorsement. In the formation of the district, these ditches were excluded. When Block's success in the formation of a district was assured, the State Legislature voted a grant of $5,000 to bear the cost of making a survey to determine the feasibility of constructing a reservoir to store water. Quotations from the resume of this survey, dated December 8, 1925, follow:

1. "The average annual run-off of the Rio Santa Cruz, at the point of the proposed Santa Cruz Dam, during the nine year period, 1916 to 1924, inclusive, is 28,000 acre feet.

2. "The average duty of water in the Santa Cruz Irrigation District should be eighteen (18) inches of water applied to the land, each year.

3. "The estimated average seepage loss in the canals within the Santa Cruz Irrigation District is 25 per cent.

4. "All water rights of record, on this stream, have been considered in the calculations.

5. "The estimated annual demand for irrigation water from the Rio Santa Cruz is 18,032 acre feet.

6. "And that, with the proper control of the flood waters of the Rio Santa Cruz, by means of the proposed Santa Cruz Reservoir, a sufficient water supply will be available for the irrigable land within the Santa Cruz Irrigation District."

As some 55 to 60 per cent of the land belonging to the signers of the petition was in Rio Arriba County, it had to be presented to the Rio Arriba County Commission. Block and three others, forming a committee of the landowners, presented the petition and the survey made by the State Engineer. The people of Chimayo, represented by Victor Ortega, were on hand to protest the petition; but they were left without voice in the matter by the fact that the Chimayo ditches had been left out of the district as formed.

The petition was allowed, and the Santa Cruz Irrigation District was created, largely because Tom Burns of Fairview, who, according to Mr. Block, controlled the County Commission at that time, was in favor of the scheme.

The preliminary survey had indicated that some $250,000 would be necessary to build the dam. A special election was called and the $250,000 bond issue was passed with only a few dissenting votes.

The office of Judge Roberts of Santa Fe directed Block, who was seeing to the disposal of the bonds, to the Sutherlin Barry Bonding Company of Los Angeles, California. This company took the bonds and disposed of them through their New Orleans office. The company bought the bonds at $92. (Although the New Mexico State Law required that such a bond issue be sold at $95, the firm circumvented the requirement by adding a $3. charge for flotation.) The money was made available in February, 1926.

The District petitioned in June 6, 1926 for a new adjudication of water rights, and this was finally made in June, 1931, giving the existing ditches above the District their ancient rights on the normal flow, and giving the District exclusive rights to the flood waters of the Santa Cruz River.

It was originally estimated that considerably more than 8,000 acres of land would be benefited by the formation of the District, and this acreage was included in the original

Santa Cruz Irrigation District proposal. This, however, proved to be an over-estimate. It was apparently not due to dishonesty on the part of the promoters, but to an over-estimate of the irrigable land that could be developed. Fifteen hundred acres were subsequently taken out of the District, but this still left 1,300 acres above the irrigation ditches, and hence non-irrigable. There are, then, only 5,200 acres actually under the ditches, and a great deal of this, probably 20 per cent, is waste land or fit only for meadow.

Three months after the money was made available the first contract was let to the Ajax Construction Company of El Paso, Texas, the second lowest bidder. (The lowest bidder, a Denver, Colorado Company, had forfeited its $5,000 surety when a preliminary survey indicated unusual structural difficulties.) The Ajax Construction Company began work in September 1926, worked for 18 months, and when into bankruptcy. They were paid every month for the amount of dirt excavated; the total amounted to some $70,000. Two other companies worked 6 months each, each in turn going into bankruptcy, and then in 1928, it was found necessary to float another bond issue of $225,000. The Sutherlin Barry Company took this issue also at $92. These bonds were sold largely to the buyers of the original issue.

In 1929 Anderson Brothers of El Paso, Texas took over the construction job, and finished the dam in November, 1931. It took all the proceeds of the two bond issues, and an additional $6,000 owned by the district to Anderson Brothers. The dam as finished had a maximum height of 131 feet, 15 feet lower than originally planned. The length at the top was 502 feet, and the width at the base was 50 feet. The dam as completed impounded only slightly over 6,000 acre feet of water, although a dam 166 feet high would have impounded approximately 18,000 acre feet.

SUBSEQUENT EFFECTS OF THE SANTA CRUZ IRRIGATION DISTRICT

It has been indicated that the cost of the dam was originally not expected to exceed $250,000, and that the acreage to be benefited would exceed 8,000. At this estimate, if the cost were allocated equally among the estimated 8,000 acres, the average per acre cost would have been approximately $30. The actual cost and acreage benefited presents an entirely different picture. If the $475,000 cost is divided by the approximate 5,000 acres benefited, we find that the cost is some $95 per acre, a heavy burden on land that is two-thirds given over to wheat and corn raised for home consumption.

The water tax levied during past years is as follows:

1926	$ .69	per	acre
1927	2.53	"	"
1928	2.69	"	"
1929	8.36	"	"
1930	6.00	"	"
1931	6.00	"	"
1932	6.00	"	"
1933	6.00	"	"
1934	3.83	"	"
1935	1.00	"	"
1936	2.40	"	"

In only one year prior to 1935, in 1929, was there more than 40 per cent collection. If the unpaid taxes had been allowed to accumulate after 1931, they would have risen to $16.00 per acre.

When the delinquency increased after 1929, the bondholders formed a protective association; a Mr. Hartner, the representative of this association, looked over the situation in 1932 and decided that $6 per acre was the maximum tax that the landholders could pay. The tax was therefore fixed at $6 per acre, but an increasing amount of delinquency forced the Santa Cruz Irrigation District into receivership in 1933.

Studies of the Santa Cruz Valley have indicated that for the last forty to fifty years the available land in the area has become decreasingly adequate for the support of the population upon it. There has developed an increasing amount of dependence upon wage work for cash income; and the land has

been used to produce only the basic food needs, plus a modest amount of chili and fruit, the local cash crops. These crops are primarily used as a basis for credit at local stores in purchasing food staples not grown on the lands. The water tax was in large part paid from wages, rather than from cash income from land, and the more or less sudden removal after 1929 of the wage income that had become increasingly important helped to precipitate the bankruptcy of the irrigation district.

After the District went into receivership, the receivers made every effort to have the Reconstruction Finance Corporation refinance the venture. The R.F.C. became interested, but they insisted that all back taxes be cleared before they would consider refinancing. The receiver, acting for the bondholders, decided to accept 25 cents on the dollar on all back taxes. All but $2,744.21 of the back taxes due were cleared on this basis by the owners of the land themselves. The remaining $2,744.21 was paid by the Santa Cruz Real Estate & Loan Company, a company that had been formed by the lawyers of the district and the receiver's agent in Espanola. This company took personal notes from the people who were unable to finance the back taxes themselves. Many of the landholders financed their back taxes by means of a Rural Rehabilitation loan. When the matter of the back taxes was finally cleared, the R.F.C.

took over the District at a cost of $152,000. It is expected that both principal and interest will be paid off in 30 years.

When negotiations for refinancing were completed, the R.F.C. sent their own manager to take over the district from Mr. Cook, the receiver's agent who was then managing the district. The new manager, according to his own statement, found the affairs of the district in "pretty much of a mess". The Santa Cruz Real Estate and Loan Company had bought up 92 pieces of land totaling 397 acres. Oftentimes the owners were unaware that their lands had been sold from under them, and it is doubtful if the money from these sales ever reached the bondholders. The district had been $125,000 delinquent in taxes, and the clearing up of this, even though it was only at 25 cents on the dollar, had been a serious drain on the cash resources of the area. No exact information on either acreage or ownership was available. Mr. Cook had for some time been anxiously attempting to induce outside people to move into the district, and 180 acres of the 397 that had been taken over because of delinquent taxes had been disposed of to the newcomers.

After a thorough examination of conditions in the District, the R.F.C., on recommendation of its manager, decided to make the 1935 levy $1 per acre. The District began functioning

again as it had before it went bankrupt. A new board of 3 members was elected by the landowners, and this body now has authority over district matters, although the R.F.C. maintained and still maintains its own manager. The water tax collection for 1935 at the $1 per acre rate was practically 100%.

The financial condition of the district since refinancing is excellent. The tax collections, $2.40 per acre in 1936, are approximately 90% paid up to date (August 1937), and the district has not only paid up all principal and interest payments due, but has paid up $8,000 on the principal which was not due until January, 1938. It is expected that the tax rate for 1937 will approximate $2.50 per acre, and it is anticipated that collections will be well above 90%.

Undoubtedly there was a real and pressing need for the dam in the Santa Cruz River. The owners of the extensive lands at the lower end of the valley were constantly faced with loss of crops because of drought, especially through the month of June. The extent of collection since refinancing indicates that the landowners in the district are able and willing to pay any reasonable charge for a constant supply of water. The dam is not as high as originally intended, and does not impound over 6,000 acre feet of water, but it proved its